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Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
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/112 W
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R 101853Z JUN 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0213
INFO ALL EC CAPITALS
AMEMBASSY CAIRO

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E.O. 11652: N/A
TAGS: ENRG, EIND, EEC
SUBJ: EURO-ARAB DIALOGUE: ARAB PAPERS ON PETROLEUM REFINERY AND PETROCHEMICAL INDUSTRIES

REF: ECA-246 (NOTAL)

1. IN PREPARATION FOR A MEETING OF THE PETROCHEMICAL AND FERTILIZER SUB-GROUP OF THE INDUSTRIALIZATION WORKING GROUP OF THE EURO-ARAB DIALOGUE WHICH IS TO TAKE PLACE IN CAIRO BEGINNING JUNE 10, THE ARAB STATES HAVE PRESENTED TWO PAPERS TO THE EC REGARDING ARAB GOALS FOR PETROLEUM REFINING AND PETROCHEMICAL INDUSTRIES. THESE PAPERS (COPIES BEING POUCHED TO THE DEPARTMENT--EUR/RPE AND EB/FSE) WERE PREPARED IN MAY 1977 BY THE INDUSTRIAL DEVELOPMENT CENTER FOR ARAB STATES (AFTER MUCH DELAY) FOR A MEETING OF THE SUB-GROUP. THE EC COMMISSION IS REPRESENTED AT THE CAIRO MEETING BY GEORGES BRONDEL, DIRECTOR FOR OIL AND NATURAL GAS OF THE DIRECTORATE GENERAL FOR ENERGY (DG-XVII).
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2. THE PAPER ON REFINERIES IS VERY SHORT AND GENERAL, COMES TO NO CONCLUSION AND MAKES NO REQUESTS OR SUGGESTIONS. IT ESSENTIALLY LIMITS ITSELF TO POINTING OUT THAT ARAB COUNTRIES PRESENTLY PRODUCE 950-1000 MILLION TONS OF PETROLEUM PER YEAR, OF WHICH ROUGHLY 130 MILLION TONS A YEAR ARE PROCESSED THROUGH ABOUT 30 ARAB REFINERIES. IT

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IS THE INTENTION OF ARAB OIL-PRODUCING COUNTRIES TO INCREASE THEIR REFINING CAPACITY TO ABOUT 320 MILLION TONS BY 1985. THIS WOULD INCREASE THE ARAB SHARE OF WORLD REFINERY CAPACITY FROM 3.5 PER CENT TO EIGHT PER CENT AT THAT TIME. SUPPORTING STATISTICS ARE PROVIDED.

3. THE MUCH LONGER PAPER ON THE ARAB HETROCHEMICAL INDUSTRY POINTS OUT THAT THE TWO PRINCIPAL PROBLEMS FACING THE ARABS IN THEIR PLANS TO EXPAND PETROCHEMICAL INDUSTRIES IS THE NEED TO ACQUIRE TECHNOLOGY, RELATED EQUIPMENT AND MANAGEMENT TO ESTABLISH EFFICIENT OPERATING PLANTS AND THE NEED TO ASSURE MARKETS FOR ARAB EXPORTS. THE EC PROBLEMS IN THE PETROCHEMICAL SECTOR ARE DESCRIBED AS: INADEQUATE HYDROCARBON RAW MATERIALS (PARTICULARLY NAPHTHA); THE HIGH INVESTMENT COST FOR PETROCHEMICAL UNITS; AND THE NEED TO PROTECT THE ENVIRONMENT. THESE DIFFICULTIES SUGGEST THE DESIRABILITY OF EC/ARAB COOPERATION, PARTICULARLY AFTER 1980. THE PAPER STATES THAT BY 1985 THE ARAB STATES WILL HAVE A SURPLUS OF BASIC PETROCHEMICALS AND THE EC WILL FACE A SHORTAGE. WHILE THE EUROPEAN SHORTAGE COULD BE MET BY BUILDING PETROCHEMICAL UNITS IN THE EC MEMBER STATES, ESTABLISHING SUCH UNITS IN THE ARAB WORLD WITH PRODUCTION RESERVED FOR THE EC WOULD HELP JUSTIFY THE EURO-ARAB DIALOGUE, AS ORIGINALLY ENVISAGED. FURTHERMORE, PRODUCTION COSTS FOR PETROCHEMICALS WOULD BE LOWER BECAUSE OF THE AVAILABILITY OF LOW-COST NATURAL GAS AS A RAW MATERIAL AND BECAUSE COSTLY INVESTMENT TO PROTECT THE ENVIRONMENT WOULD NOT BE NECESSARY.
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4. IN ADDITION TO COOPERATION IN PETROCHEMICAL PRODUCTION THE ARAB PAPER ALSO SUGGESTS THAT THE EC PARTICIPATE IN THE TRANSFER OF TECHNOLOGY TO THE ARAB WORLD BY HELPING TO ESTABLISH INDUSTRIES PRODUCING EQUINMENT AND MACHINERY FOR THE PETROCHEMICAL SECTORS. IT SUGGESTS AS A SPECIFIC FIRST STAGE THE ESTABLISHMENT OF SUCH A PLANT IN NORTH AFRICA AND ANOTHER ONE IN THE ARAB GULF SERVING THE PETROCHEMICAL AND REFINERY INDUSTRIES IN THESE TWO REGIONS.HINTON

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition Reason:
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